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SIPDIS
DEPARTMENT FOR NEA/FO
NEA/ARP/BMCGOVERN
DRL/IL CAVEY

E.O. 12958: DECL: 2020/01/24
TAGS: ELAB PHUM PGOV EFIN KTIP AE
SUBJECT: Labor Strike Over Unpaid Wages

REF: DUBAI 1365

CLASSIFIED BY: Jennifer Gavito, Political/Economic Chief, U.S.
Consulate General, Dubai; REASON: 1.4(B), (D)

¶1. (C) Summary: On December 22, 60 Robust Contracting Company
staff employees went on strike over three months' unpaid wages.
This is the third known labor strike in 2009 (reftel).
Representatives from the Ministry of Labor (MOL), Dubai Police, and
National Committee to Combat Human Trafficking arrived at Robust's
Green Community project site approximately two hours after the
strike began and Robust worked out an agreement with these UAEG
officials on a payment schedule. However, full payment had not
been made and as of December 27 Robust staff and laborers were not
working. Robust currently is not enrolled in the UAE Wage
Protection System (WPS), which has been initiated by the Ministry
of Labor to protect worker wages (septel). End Summary.

¶2. (C) On December 28, Poloff met with Robust Contracting Company's
General Manager Farid Kawmi and Managing Director Riad Kawmi to
discuss Robust employees' strike over three months of unpaid wages.
Kawmi told Poloff approximately 60 staff employees went on strike.
Press reports that 900 workers were on strike was inaccurate, he
maintained. However, due to the staff strike, manual laborers
stopped working as well because there were no staff employees to
direct them. Kawmi told Poloff that representatives from the
Ministry of Labor, Dubai Police, and National Committee to Combat
Human Trafficking arrived at the Green Community Project
approximately two hours after the strike began and in response to a
call from staff to police and press seeking publicity. Kawmi
expressed disappointment that the staff did not come to him first
to discuss their frustrations. During the meeting with UAEG
representatives, Robust agreed to pay the staff two months salary
by December 28, two months salary by January 28, 2010, and the
final back payment by February 28, 2010. Robust made a partial
payment December 27, but Kawmi was not sure Robust will be able to
pay employees the two months salary by the December 28 deadline as
Robust was relying on money from its Green Community project's
client Union Properties. (Note: Laborers who receive about AED 950
(USD 260) per month, were paid for October, but have not been paid
since. Their salary payments have been delayed two weeks for the
last five months. End Note.)

Under Financial Stress

¶3. (C) Robust has been under financial stress. It has not received
payments for two projects totaling AED 40 million; both are in

arbitration. Kwami said that while Union Properties, the property developer for whom Robust is delivering service, has always made its payments on time, these have been insufficient to make up for the losses Robust suffered from escalating material prices during Dubai's real estate boom, and the more recent impact of the financial crisis. Kawmi explained to Poloff that staff had not been paid their salaries because Robust had been in negotiations with Union Properties and unable to get additional credit. Union Properties has now agreed to give Robust a loan to finish the Green Community project due in July 2010 and to pay staff salaries.

¶4. (C) Comment: The MOL has become more aggressive in stepping in early to advocate on behalf of the UAE's massive expatriate labor population. The UAE has implemented its new Wage Protection System (WPS) in part to track delinquent payments, but Robust is not yet compliant with the WPS decree. While the MOL took positive action to end the strike and mediate an agreement between the company and its workers, the incident highlights the ongoing impact of Dubai financial crisis on those who can least afford it. End Comment.

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